

COMMITTEE ON COMMUNITY IMPROVEMENT

April 4, 2006

6:00 PM

Chairman Garrity called the meeting to order.

The Clerk called the roll.

Present: Aldermen Garrity, O'Neil, Osborne, Gatsas, Duval

Messrs.: Fire Chief Kane, Deputy Police Chief Simmons, K. Sheppard

Chairman Garrity addressed Item 3 of the agenda:

Ratify and confirm poll approving a request of the Police Department to replace a 1998 vehicle with a Ford Ranger at a cost of \$19,554, with recommendation that \$6,003.66 be transferred from contingency to MER account to cover the cost.

On motion of Alderman Osborne, duly seconded by Alderman O'Neil it was voted to ratify and confirm the poll.

Chairman Garrity addressed Item 4 of the agenda:

Ratify and confirm poll approving \$30,000 in additional funds to be transferred from the Fire Station Re-roofing Project to the South Willow/South Maple Street intersection improvements, for a total of \$80,000 to be appropriated for the project, with concurrent recommendation that the \$30,000 request to the Planning Board for funding from the South Willow Street Area Improvement funds be withdrawn.

On motion of Alderman O'Neil, duly seconded by Alderman Duval it was voted to ratify and confirm the poll.

Chairman Garrity addressed Item 5 of the agenda:

Amending resolution and budget authorization authorizing and appropriating funds in the amount of Two Hundred Thirty Nine Thousand Eight Hundred Thirty Six Dollars (\$239,836) for FY2006 CIP 412206 Radio Interoperability Grant Program.

Alderman Gatsas asked can you tell me how much money the Police Department has received in the last five years for radio interoperability.

Gary Simmons, Deputy Police Chief, replied I can tell you this. I know you have mentioned this in the past and we come away from these meetings always scurrying around and wondering where this is coming from. We had a meeting with Colonel Booth and I actually inquired of Colonel Booth where some of this might be coming from because it was your understanding that we had this money for radios. In the previous administration under Chief Driscoll there was a period of time when we were going to receive interoperability money for radios. At that time our administration elected to go with what they call a Patch system. The Patch system was...well without getting too technical it would allow us some interoperability but not to the extent we should have it. So we never received those funds. Those funds were kept up at the state and eventually they were disbursed to other towns. This is the information I am getting from Colonel Booth. So we never received those. The only thing we ever got out of that whole thing was the Patch system at the time.

Alderman Gatsas stated my understanding is...so you are telling me the Police Department refused some \$800,000+ for an interoperability radio program.

Deputy Chief Simmons responded well I don't know if the amount was ever \$800,000. I know way back when when we went with our new radio system we went with an 800 megahertz system and the reason we did that is because that is more suitable to a city atmosphere like ours versus statewide where there is a long distance to deal with. We have had that system in place for well over 10 years. How much money was going to be allocated for interoperability I do not know but I do know that we didn't take that fund?

Alderman Gatsas stated I know there was \$8 million that came to the state and the Department of Safety disbursed it.

Deputy Chief Simmons replied I agree with you, Alderman, but we didn't receive those funds. If we received any I don't know what it was but we don't have a radio that is interoperable with the whole state like this will do now. This particular money here comes from the state. In meetings with Colonel Booth this money is allocated for us and there is almost an equal amount allocated for Nashua to allow us both to go into a VHF radio system that will give us statewide interoperability if needed. I do know, Alderman, that you had these questions in the past and that is the best explanation I can give you at this point.

Alderman Gatsas asked well can you go back and get me the data of the conversations on who refused the funding from the state and why it was refused.

Deputy Chief Simmons answered I can do that.

Alderman Gatsas stated I am going to go back at the other end and find out how much was offered to the City and why it wasn't taken.

Chairman Garrity asked the new radio system that Fire and Police...that long discussion we had a couple of months ago about the new system. That new system is not capable of doing this?

Deputy Chief Simmons asked the Intergraph system. That is a computer system, not radio.

Alderman Gatsas asked Chief Kane did you receive federal funds for a radio system.

Joseph Kane, Fire Chief, answered no we never received those funds. What is occurring though is probably within the next month or so the state is paying for radios to put into our fire trucks but we never received any of that money that you are talking about.

Alderman Gatsas asked didn't you come before this Board and didn't you have a grant in for some of those funds.

Chief Kane answered we have a grant in for interoperability in regards to the computer system, the one that you were talking about but the interoperability of radios we really haven't had them installed yet but they are going to be installed in the next few months. They are paying for them. They are not giving us the money. They are paying for the radios and the installation.

Alderman O'Neil stated Chief Kane you said you are getting money to put radios into fire trucks. Is that a fixed radio or a portable radio?

Chief Kane responded we are not getting money. The state is buying the radios and the state is paying to have them installed so we are not going to see any money. All we are going to see is equipment. The first phase of this is what they call a mobile radio. It is a fixed radio inside the fire truck. The second phase of this as I understand will be portable radios that they are going to be distributing.

Alderman O'Neil stated I know that normally the company will have several portable radios. Do you happen to know at this time if there are enough to cover all of the portables you have in service?

Chief Kane responded what we put in for was enough portables to cover all of the seats.

Alderman O'Neil stated so roughly 50 something.

Chief Kane responded yes and we also put in for radio systems for the paramedics.

Alderman O'Neil asked so eventually when this all works through at some point police will be able to talk to fire in Manchester. Maybe you can already do that.

Chief Kane answered currently because fire and police are on the same radio system we can do that now but the statewide radio system will be another vehicle for everyone in the state to have the same frequency. I think there are like 127 frequencies in these radios so we will be able to talk to not only Manchester police but everyone else.

Alderman Gatsas stated I am confused on...what is the difference between the Patch system and the interoperability system and why would we have gone with a Patch system.

Chief Kane replied the Patch system...our radio system is basically run by a computer and the Patch system is a system that allows some statewide frequency to be introduced into our current radio system through the computers. It is kind of limited in use with the Police Department...

Alderman Gatsas interjected Chief I am not looking for you to give me an answer. I am looking for police to give me an answer on why because I know it was about \$800,000 that was coming to the City and why did we refuse those funds and go to a Patch system obviously that we had to pay for ourselves.

Deputy Chief Simmons stated I don't know that Alderman. I certainly was not part of the administration that made that decision at that time. I am not trying to lay blame on anybody but I can try to get you those answers the best I can. The reason I deferred to Chief Kane now is only because he is a little more technically aware of the difference between the two radios than I am.

Alderman Gatsas stated I just think that this Board at least...if things come before us and we approve to go for a grant I think that somebody would come back and tell this Board we are not taking the grant. I would think.

Deputy Chief Simmons responded I would think so.

Alderman Gatsas stated this is a grant for \$239,000. If all of the sudden tomorrow you decide that you don't want that grant I think somebody should report back to this Board and tell me that you are refusing the grant and why.

Deputy Chief Simmons responded I would say that we would do that. Correct.

On motion of Alderman Osborne, duly seconded by Alderman Duval it was voted to approve the resolution and budget authorization.

Chairman Garrity addressed Item 6 of the agenda:

Communication from Alderman Osborne requesting consideration be given to intersection improvements at Massabesic Street/Old Falls Road.

Alderman Osborne stated in looking at Massabesic Street here of course in Ward 5 if you look at your agenda here on Page 6 it gives you an outline. What we have here is the intersection of Old Falls Road and Massabesic Street and Hayes Avenue off to the side here, which is confusion. If you have been there you know how wide open it is there and it is very confusing. With the elderly complex across the street from it, the elderly people walk across the crosswalk to the store a lot and there is a lot of confusion with automobiles coming down Massabesic Street. The existing curbing that you see there can be used. We are talking about \$13,000 to \$15,000 to do this whole construction here, which is just sidewalks and moving curbs. Some of it is new but a lot of it is existing curbstone. I guess Mr. Sheppard could come up and give us a little highlight on this.

Kevin Sheppard, Deputy Public Works Director, stated Alderman Osborne contacted me just after the last CIP meeting and asked us to take a look at this intersection to see if there was any way to tighten up the intersection because it is an open intersection. Our engineering manager took a look at it. There are a couple of options. This was one option that Alderman Osborne wanted to bring forward. The other one didn't tighten it up as well as this one. This one is probably the preferred option. As you can see, it makes Old Falls Road a right and left turn lane onto Massabesic making Massabesic a through street whereas in the past if you were going westerly on Massabesic Street you came to a Y. It was an open intersection and I believe that something like this does make sense to close it in.

Alderman Gatsas stated Kevin where I see the existing sidewalk and the proposed new sidewalk there is that piece of land in between. Is that going to be deeded to anybody or does that still say City owned?

Mr. Sheppard responded under this plan it would stay under City ownership. We had that discussion with Alderman Osborne as to whether the City would ever discontinue that portion of land or whether the City would keep that as a grassed area.

Alderman Osborne stated they were going to make this green space and what I was thinking about was in the future or whatever if we have a couple of benches like I did further down on Belmont and Massabesic because the elderly are right across the street here and I think it would be nice for them. It would close it all up and if they wanted to sit out and watch the traffic or whatever it would be nice for them to sit on benches out on this particular green space that you are talking about Alderman Gatsas. It would really dress up the area. I see for a little bit of money...we are not even talking really a lot of money for something like this compared to South Willow or things of that sort. I have lived here all my life in this ward and I used to work...well it is immaterial really but there used to be a gas station years ago where the store is. It was Kelso station and I used to pump gas there when I was a kid. It has always been open there and there has always been confusion when you are coming down as to which way you are going and the one coming out of Old Falls Road and going into Old Falls Road and then Hayes Avenue, the people there always complained about this space. I am just trying to tighten the area up.

Alderman Gatsas asked how is going to maintain the lawn and the benches.

Alderman Osborne stated I believe it would come under Parks wouldn't it.

Alderman Gatsas asked is that the enterprise fund or the other one.

Alderman O'Neil stated Kevin I take it you are going to do the work in house and that is why it is a relatively low cost.

Mr. Sheppard responded the estimate that was given was for in house.

Alderman O'Neil asked and is that something you could do this construction season at some point.

Mr. Sheppard answered that would be the plan. There is a lot of curb and sidewalk work. We are starting to pile up with our street reconstructions and other projects that have been promised. This is something we will try to fit in.

Alderman Lopez asked would the Committee...Mr. MacKenzie could you inform the Committee whether the neighborhood...the \$200,000 that is in the CIP for Neighborhood Revitalization would fit this category.

Mr. MacKenzie answered first of all I haven't seen any estimates for the cost. Could someone tell me what the estimate is?

Alderman Osborne responded it is between \$13,000 and \$15,000.

Mr. MacKenzie stated it is possible that this could come under street reconstruction although most of the projects are earmarked. The neighborhood monies, at least as proposed by the Mayor, was directed towards Kelley Street this year but again the Committee will be reviewing that during their CIP review. I will note that the money that they recently used to pay for South Willow/South Maple came out of the old Harvey Road fire station. There is a balance of about \$59,000. That is a 20-year bond and could be used for this. I would note, however, that I believe the Facilities Division Director also had some interest in utilizing that bond balance so at some point the Committee may want to speak with him about it.

Alderman O'Neil stated I think that we could find \$15,000 someplace. I don't know where but we could ask staff to take a look at it.

Chairman Garrity stated I have a couple of questions for Kevin. Did Traffic look at this?

Mr. Sheppard responded like I said this was just given to Alderman Osborne last week and quite honestly I didn't know it was going to be on this agenda so we haven't run it by Traffic.

Chairman Garrity asked so it hasn't been run by Traffic yet.

Mr. Sheppard asked the Traffic Committee or Traffic Department.

Chairman Garrity answered the Traffic Department.

Mr. Sheppard responded no we haven't run it by the Traffic Department.

Chairman Garrity stated it is probably necessary in this case.

Alderman O'Neil asked why would they need to be notified.

Chairman Garrity responded well if they are going to reconfigure the road I would think that they would want to be involved.

Alderman O'Neil stated I think Highway can handle it.

Chairman Garrity stated I know that Traffic had something to do with South Willow and South Maple.

Alderman O'Neil responded that was for the signals. I think generally Highway handles the right-of-way stuff.

Mr. Sheppard replied right typically Traffic will come to us and we will work with them on intersections.

Alderman Gatsas asked Alderman Osborne do you think it would be possible to sell the abutters this land. I think that would probably pay the \$15,000 you are looking for and I would think that might be something they want – the gas station or the 7-11 could expand I would assume where that gray area is.

Alderman Osborne responded I don't think so. I think it should be left there for the City for future reference or whatever. I would like to leave it for some green space around there to make it a little more appealing to the whole area there. Whether it be at Hayes Avenue or Massabesic Street maybe we could eventually put a flagpole there too. I mean this gives it a nice atmosphere around that neighborhood. If we sell it to abutters well...

Alderman Gatsas interjected it is going to stay green isn't it.

Alderman Osborne responded I hope so. I will go there myself and do it if I have to. Anyway, this is the way I feel.

Chairman Garrity asked do we have a suggestion for a funding source.

Alderman Gatsas responded I would like to see if the abutters would like to buy it because that would solve everybody's problem real quick.

Alderman Osborne replied I think for the low money involved here it is not a big deal.

Alderman Gatsas stated I guarantee you that the abutters are going to come back for that land for nothing at some point.

Alderman Osborne stated well you can try anything you want in the world. I guess everything is not for nothing. Anyway this is the way I want to see it. If it happens in the future so be it I guess. We will worry about it then.

Alderman O'Neil moved to ask the CIP staff to identify \$15,000 for intersection improvements at Massabesic Street and Old Falls Road. Alderman Duval duly seconded the motion.

Deputy City Clerk Johnson stated and I am assuming that would be for the staff to identify it and then put it forward to the Board as a recommendation or do you want it to come back to the Committee.

Alderman Osborne stated well maybe 15 or 20 years from now it might be worth \$50,000.

Alderman Gatsas responded well Alderman I would think that first somebody would ask the abutters if they were interested in this.

Alderman Osborne stated that wasn't my approach. I didn't have that in mind at all. I just wanted to close it up because I had abutters around there saying it was kind of wild in that area and I am trying to do so and also help the elderly across the street with something to look at rather than what they are looking at now and make it easier for them to cross the street in two or three places whereas now they only have one. Keeping it City property I think is the best thing to do right now. I would be the first one to say that if he had to be where there are junk cars all over it don't like it was at Massabesic and Belmont, that is another story. Then of course it makes a big difference.

Chairman Garrity stated the staff has been asked to find a funding source. I think we can probably do a phone poll and then take it straight to the Board. We are in budget season so we will be having plenty of CIP meetings on the budget.

Chairman Garrity called for a vote on the motion. There being none opposed, the motion carried.

Chairman Garrity addressed Item 7 of the agenda:

Communication from Fire Chief Kane requesting approval to utilize a spare former police cruiser for it's Fire Prevention Bureau.

Alderman O'Neil asked do we have existing plates for this.

Chief Kane answered we have an existing vehicle where basically the frame rotted out and it is not driveable anymore so took the plate off of that one and put it on this one.

Deputy City Clerk Johnson asked can we just identify what that is because we need to close out the title for that.

Chief Kane responded yes I understand that you need to switch the titles and the VIN's.

Deputy City Clerk Johnson stated I just want it as part of the record or you might not get it done. Do you know what car you are taking off the road?

Chief Kane replied I don't have the VIN.

Alderman O'Neil stated my motion would include the Fire Department providing that information.

Chief Kane stated we can get that to the Clerk.

On motion of Alderman O'Neil, duly seconded by Alderman Duval it was voted to approve the request.

Chairman Garrity addressed Item 8 of the agenda:

Communication from Bruce Thomas, Engineering Manager, seeking authorization to accept funds of \$40,000 from MembersFirst Credit Union and Ben Gamache Enterprises to share the cost of landscaping of Kosciuszko Park with the balance of \$29,887 paid with Downtown Improvement funds remaining from last year.

Alderman Duval moved to accept the funds. Alderman O'Neil duly seconded the motion.

Alderman Osborne asked Mr. MacKenzie can you tell me where the lines...you know when they say Downtown Improvement funds what are the borderlines.

Mr. MacKenzie answered the borderline is generally Union Street.

Alderman Osborne asked from Elm to Union.

Mr. MacKenzie answered from the Merrimack River easterly to Union Street is generally the downtown area.

Alderman Osborne asked how far north and how far south.

Mr. MacKenzie answered up to Salmon Street and down to Valley.

Chairman Garrity called for a vote. There being none opposed, the motion carried.

Chairman Garrity addressed Item 9 of the agenda:

Communication from Robert MacKenzie, Director of Planning, advising that Manchester Neighborhood Housing Services has requested revised terms of the City's HOME loan to meet the underwriting criteria of the primary lenders.

Alderman Osborne stated I guess Mr. MacKenzie can enlighten us a little bit about this.

Mr. MacKenzie responded this is a request to restructure the financing. The City allocated federal funds towards this project, I believe it was \$450,000. They have been going through construction. There were some construction difficulties. I do know that their representative is here tonight, Mr. Tourigny and he could probably answer all of the detailed questions that you would have on the proposal.

Robert Tourigny, Executive Director of Manchester Neighborhood Housing Services, stated with me this evening is Jennifer Vadney our Senior Project Manager.

Alderman O'Neil asked is there any specific information regarding the construction that you can share...we only have the letter from Bob so we don't have a lot of detail and just what happened with the tax assessment.

Mr. Tourigny answered the allocation from the CIP funds I think were from 2003 and 2004. It is a project that has obviously been in development for quite a long period of time. During that time, taxes have obviously increased. On this particular project to the tune of \$20,000 per year so that has had a significant impact on the project's operating budget and its ability to serve debt. That has been compounded by the fact that we had a problem with the general contractor on this project. We had to terminate that contract and that added a significant delay to the construction period. The project is now finished or nearly finished – 99% complete. The project is occupied and being operated. We have a few conditions that are left to complete this spring but in order to close out on the financing the financial feasibility of the project has changed significantly since the 2003/2004 timeframe. As such, we needed to restructure the financing and our second mortgage lender, which is the state, has agreed to defer its loans but as part of doing that they need the City to also restructure its repayment terms as well.

Alderman O'Neil asked what did you expect you were going to be paying or that the tax assessment would be.

Mr. Touringy answered \$30,000 or just under \$30,000 and it came in at just under \$50,000.

Alderman O'Neil asked so it is an increase of \$20,000.

Mr. Touringy replied correct and the original second mortgage with the state had a repayment of about \$10,000/year. As the project stands today it doesn't generate quite \$10,000 in income. So we have gone back to the state and asked them to defer their loans and just take a share of whatever cash flow is remaining. They have agreed to do that so that is a good thing for the City but the change in terms is...you were originally set to get 50% of the cash flow and the state was set to get the other 50%. Now they are saying the City needs to accept 25% because they are putting more money into their share of cash flow.

Alderman O'Neil asked how many units are being created there.

Mr. Touringy answered it is 33 units with rents ranging from \$650 to \$850 so it is very affordable to this market.

Alderman Gatsas asked what is the total loan on the project.

Mr. Touringy answered from the City it is \$450,000.

Alderman Gatsas asked total.

Mr. Touringy asked from all sources.

Alderman Gatsas responded yes from all sources.

Mr. Touringy stated it is about a \$6 million project. About half of that is made up in equity. The first mortgage is \$455,000. The second mortgage is \$170,000.

Alderman Gatsas stated my memory serves me now on this project because I think I was here when somebody who was your predecessor sat before me and I was wondering why we were spending \$189,000 for rehab. I guess that is why you probably got rid of the contractor. I still look at it and say that the cost that you are in, you are in over \$189,000 and I look at these projects and say okay why are they cash poor.

Mr. Touringy responded the project being an affordable housing tax credit deal has a cap on the rents that you can charge to keep it very affordable. We charge rents that are affordable for families earning 50% of the median income. As such, it has a limit on the amount of debt that it can repay. That is the predicament that we are in at this point. We have restructured the terms of the first mortgage and the second mortgage and the third mortgage and now we are coming back to the City to see if we can restructure the terms of the fourth. You are actually by making this change the City is going to realize a larger repayment than it would if you didn't restructure the debt.

Alderman Gatsas replied those are all easy things to say but when you are talking over \$200,000 a unit for square footages of how much per unit.

Mr. Touringy answered anywhere from 800 to 1,000 square feet.

Alderman Gatsas stated if I go to the high side that is \$200/square foot. If I go to the low side...I mean if I go to the smaller unit that is somewhere around almost \$300/square foot. When you start talking those numbers sometimes rehab doesn't make sense. Either that or the contractor you had out there and maybe before we start allocating money we should have the ability to look at contracts because now you are coming back to us and asking us to reduce our repayment because somebody made a bad decision on a contractor.

Mr. Touringy responded it ends up not being a reduction for the City's retainment. It actually ends up being a net increase for the City's retainment. As the project is structured right now you get 50% of nothing because there is no cash flow generated. By restructuring the debt you get 25% of what we estimate to be a \$10,000 annual payment. So it is actually increasing that repayment to the City.

Alderman Gatsas asked can we see some documentation on how you come up with that because there is nothing before us to show us that.

Chairman Garrity stated that being said I am pretty disappointed that we have no back up information in our agenda. I don't know who put the agenda together but I am pretty disappointed there is no back up information.

Alderman Gatsas moved to table. Alderman O'Neil duly seconded the motion. Chairman Garrity called for a vote. There being none opposed, the motion carried.

Chairman Garrity addressed Item 10 of the agenda;

Communication from Kevin Sheppard, Deputy Public Works Director,

submitting additional information regarding city vehicle usage as previously requested by the committee at its last meeting.

Chairman Garrity called Harry Ntapalis forward. I had asked Harry to put together some liability numbers for insurance. I think we need to get a true estimate of the cost of all of these City vehicles out and about on our City streets. I would just like to have Harry briefly go through it.

Harry Ntapalis, Risk Manager, stated what I did submit to the Committee is a quick roll up of all of the auto liability claims initially as you will see on your first graph. That includes not only autos and vans but it also includes fire trucks, police vehicles, and construction vehicles and the only reason I am doing this initially is I want to show you what was filtered out at the end to get to what I think the question had been. The roll up that I was concentrating on was for a period of seven years. The first graph, though, does show a number of claims that are all inclusive of all of the City's fleet. The second graph shows what the expenses had been since 1990 right through the calendar year ending 2005. As I said the first sheet is a citywide roll up of all vehicle accidents that took place for about the last 15 years involving any fleet vehicle that we own. Anything from construction trucks, fire apparatus, etc. The second graph will depict what the liability expenses were, again, citywide for the entire fleet. The third page is I think the page that I want to just draw your attention to real quickly and I am focusing right now on nine years worth of time relative to what you have seen on the graphs for those last nine years. As you would note, the total number of claims, we are averaging about 169 auto related liability claims per year for an average cost of just under \$200,000 or about \$198,594. Again, I have to preface that this is all inclusive. That included construction vehicles that may have damaged people's property and things along those lines. Accidents that they may have been involved with and it reflects what the true costs had been fleet wise for the entire City's motor vehicle fleet. The very last page is what I believe the Committee was looking for and what I have done is I have taken out of that large roll up just the vehicles that are automobiles, vans, pick up trucks and things that are assigned to our City employees. Some of them are from the motor pool, etc. I have broken them down by department for the same period of time – a nine year period and if you would look you could see adjacent to each of the departments how many accidents they had, what the payments actually were less the subro, the subrogation recovery and the net payments that the City actually made for these types of motor vehicle accidents. In the course of a nine-year period, we are looking at \$224,000 roughly. In the last column you will notice a couple of reserves for departments where there is some pending payment to be made. So the \$224,000 is reflective of about 14 departments that were involved in these types of accidents. That is about nine accidents per year over a nine-year period or roughly \$1,700 per year.

Chairman Garrity stated the reason I asked Harry to put this information together is if we are going to compare apples to apples for the cost of all of these vehicles I did want to have this added into the cost of operating the vehicles.

Alderman O'Neil asked why were police and fire excluded.

Chairman Garrity answered we excluded police, fire and construction vehicles just because of the nature of what they do. We weren't looking at the cost of those vehicles versus mileage anyway. I was just concentrating on areas where we could probably concentrate on mileage reimbursement. Obviously we can't reimburse for those types of vehicles.

Alderman Gatsas asked how many total vehicles do we have under the liability umbrella.

Mr. Ntapalis answered the entire fleet counting fire trucks, police cruisers and everything is roughly 550 that I believe we have in our total fleet. I think Mr. Sheppard probably would give you a better handle on the MER number but that is what I am showing for insurance purposes.

Alderman Gatsas asked so almost 25% of those vehicles a year get into accidents.

Mr. Ntapalis responded one of the pieces you have to look at that is included in those figures...you have 79 vehicles over a 9 year spread and that is roughly 9 vehicles per year. If you are talking about the entire fleet including the trucks yes you are correct with that assessment. That can include if you dig up someone's curbing or accidentally with the plow you pick up some of their lawn. All of that is a chargeable loss and that is reflected in that number.

Alderman Gatsas asked so you are talking that the total claims aren't necessarily the total claims that are accidents. The total claims could be somebody digging up somebody's lawn or taking down somebody's...

Mr. Ntapalis interjected that is correct so those first graphs in that first summary are reflective of anything that has to do with any of our vehicles touching anyone's property.

Alderman Gatsas asked can you tell me why Schools is so high.

Mr. Ntapalis answered the number that is reflected here of 29 claims over a 9 year span, a good portion of it...as you know we have courtesy vehicles that are assigned to us for driver's education. Part of the condition for that assignment is

we underwrite the insurance so if there is a courtesy we are using those vehicles and I would venture to guess that 60% to 65% of the scratches and so forth to these courtesy vehicles are a result of the drivers training arena as opposed to anything else.

Chairman Garrity stated I think a good idea for this report would be to have a motion for it to go to the Finance Committee. I think it is time that the City starts looking at the size of our fleet and possibly reducing that number by paying mileage reimbursement. I know that we are meeting some resistance with City staff but I think it is seriously something we need to look at and I would look for a motion to send it to the Finance Committee for budget discussions.

Alderman Osborne asked Harry how do you feel about what he is saying.

Mr. Ntapolis answered I will try to stay out of that.

Alderman Osborne moved to refer the reports to the Finance Committee for budget discussions. Alderman O'Neil duly seconded the motion.

Alderman O'Neil asked Harry and this may not be a fair question for you but do you know how many employees we do pay mileage to.

Mr. Ntapolis replied off the top of my head I do not know. I, for one, use my vehicle and receive mileage on a monthly basis as do quite a few others.

Alderman O'Neil asked is there any increased exposure to the City by doing that.

Mr. Ntapolis answered the concerns I think if you are going to go forward in this particular area are a couple. Employees that utilize their automobiles, such as myself and I will use myself as an example, you want to make a disclosure to your insurance agent obviously that you use your car when you go for a renewal application for a family auto but you do use it on occasion for work as well. There is a slight premium increase depending on your driver's record. Again they are absorbing more of a risk if they do that. Secondly, some insurance carriers may not want to write a lot of coverage that involves people working and they may not be willing to write the family auto insurance if it is tied up in that additional exposure. Those are just considerations that you might want to keep in mind.

Alderman Osborne asked wouldn't it make it hard to pay mileage when everybody's driving record is a little different than somebody else's. Insurance companies are always going to ask for more if you are going to use your car for any type of work. Wouldn't it be hard to separate who is going to get what?

Mr. Ntapalis responded one thing you have to bear in mind, Alderman, and I will address that question but in the State of NH one of the things that we all know is true is the fact that you don't even have to have insurance. You could have an employee right now working for you that does not carry insurance. It is not compulsory unless you have had an accident for one thing. Secondly, you want to make sure that if employees are using their car that they fully understand if it is their own car that the City doesn't own their car as part of our fleet so the entire exposure is to that particular employee because insurance follows the automobile.

Alderman Osborne stated so this could be a possible liability to the City.

Mr. Ntapalis responded well it depends on how you frame it. If the employees know up front that a condition of their employment involves the use of their vehicle and they will be paid the IRS rate but the insurance responsibility remains with them that certainly diminishes any exposure for the City.

Alderman Osborne stated but the person who is suing this person is not interested in that. They could sue the City along with the employee.

Mr. Ntapalis replied if there is an auto related incident and I know where you are going with this but if it is an auto related incident that is severe and it is demonstrated obviously that they are using it for inspection purposes and are on the City clock...Alderman they have a tendency now in litigation to go obviously after the deep pocket and the City probably would be named in something like that.

Chairman Garrity asked do you know of any auto insurance companies that will refuse to pay a customer or refuse to provide insurance to a customer if they use their vehicle for work.

Mr. Ntapalis answered I raised that question, Alderman, and it is a good question. I raised it in anticipation that it may come up tonight with a couple of the brokers that are local that have had some experience. By and large what they said is there is a premium charge if you are going to use it for work beyond your family auto. They didn't, however, disclose to me who some of the carriers might be but they said some carriers will just opt not to renew and they are not interested in writing insurance unless you get something more like a commercial orientation coverage for that purpose. Again, a lot of them do write it. My own company obviously writes insurance and even though I disclosed on my renewal application that I do use it periodically for my work, I pay a little bit extra in my premiums but it is up front and it is fine.

Chairman Garrity stated and basically that is part of the IRS reimbursement.

Mr. Ntapalis responded that is part of the why the current figure is 44.5 cents per mile at present and that is what is considered as defraying the cost for operating your vehicle.

Chairman Garrity stated if you look at both reports there are some savings in some departments but I think it is something we should really be looking at through the Finance Committee in the budget process to try to reduce our fleet by a number of vehicles and just try to look for efficiencies.

Alderman O'Neil asked do we have any information on what employees are actually paid mileage. Can we get that from Finance or HR?

Mr. Ntapalis answered I don't have it available to me in my statistics but I would presume that Finance would have it.

Alderman O'Neil stated I could make a motion or amend the motion.

Chairman Garrity asked so you just want that as part of the documentation.

Alderman O'Neil stated yes I want to know who is receiving mileage currently. Who they are specifically.

Chairman Garrity asked is that something the Clerk can communicate.

Deputy City Clerk Johnson responded my guess is that we will have to send something out to the departments to get that information.

Alderman O'Neil asked wouldn't somebody like Finance or HR have that information.

Deputy City Clerk Johnson answered they may.

Alderman O'Neil stated it would be nice to know whether it is averaging \$10/month or \$100/month or \$1,000/month. That information would be good to know.

Chairman Garrity called for a motion to refer the reports to the Finance Committee. There being none opposed, the motion carried.

Chairman Garrity addressed Item 11 of the agenda:

Departmental responses regarding grant activities as previously requested

by the committee at its last meeting.

Deputy City Clerk Johnson noted that there was an additional handout this evening from the Police Department.

Alderman O'Neil stated I wanted this for informational purposes. I don't think we have closed the loop on the discussion we had last time and we are running out of time tonight but I think this information along with that discussion might be appropriate for the future.

On motion of Alderman O'Neil, duly seconded by Alderman Duval it was voted to table this item.

Chairman Garrity addressed Item 12 of the agenda:

Communication from Ken Gelinas requesting \$10,000-\$15,000 to upgrade the pump, mortar/paint and seal the Civil War Memorial Fountain in Veterans Park.

On motion of Alderman O'Neil, duly seconded by Alderman Osborne it was voted to refer this item to the CIP budget process.

TABLED ITEM

13. Funding for the Weston Tower project.
(Tabled 04/12/2005)

On motion of Alderman O'Neil, duly seconded by Alderman Osborne it was voted to remove this item from the table.

Chairman Garrity stated I know that the funding was put in the Mayor's proposed CIP budget so we will just move this to the CIP budget process.

On motion of Alderman O'Neil, duly seconded by Alderman Duval it was voted to refer this item to the CIP budget process.

Alderman Gatsas stated I would like to remove the item that I put on the table this evening because I believe there is some information that they would like to provide for this Committee.

Chairman Garrity asked which item was that.

Alderman Gatsas responded the Neighborhood Housing Services item.

On motion of Alderman Gatsas, duly seconded by Alderman O'Neil it was voted to remove the following item from the table.

Communication from Robert MacKenzie, Director of Planning, advising that Manchester Neighborhood Housing Services has requested revised terms of the City's HOME loan to meet the underwriting criteria of the primary lenders.

Alderman Gatsas stated the document that I was just handed talks about a...and I would assume you are going to give us a copy of the credit work out memo that was...is it in here.

Mr. Touringy responded I believe it is in the packet that he is handing out at the moment.

Alderman Gatsas stated I noticed in this letter that you say the contractor went out of business. Can you tell me who that contractor is?

Mr. Touringy responded Eclipse Construction.

Alderman Gatsas asked and who are the principals of Eclipse Construction.

Mr. Touringy answered I am not sure how much we should say about them at this point because we are in a legal situation with the contractor.

Alderman Gatsas stated I am only looking for what is public information. I am just looking for the principals.

Mr. Touringy answered Richard Leery I believe.

Alderman Gatsas asked did you want to speak on the memos you just gave us.

Mr. Touringy answered I certainly would. The reason we brought this forward is because the project, without changes in restructuring of the financing, will ultimately be in default and that is the reason we went back to the NH Housing & Finance Authority and asked them to restructure their first loan. Their Board of Directors has approved that restructuring and it does improve the financial performance of the project significantly. One of the conditions of their approval was that the City restructure its repayment plan from 50% of the cash flow to 25% of the cash flow. As I mentioned earlier, if we leave the project alone as it stands right now it doesn't generate any cash flow so the City gets 50% of nothing. By the state deferring its loan it puts \$10,000 back into the cash flow of the project,

which the City would now get 25% of and it prevents us from default with the state and ultimately all of the other loans that are involved.

Alderman Lopez stated I just want to attest that I sit on the Board of Directors of Neighborhood Housing and all of this information was presented to us and we had no choice but to come before the City and do this refinancing.

Mr. Touringy stated it has been a process of dealing with the investors and every lender to try to come up with the concessions that will make this project work. I think the big concession has been provided by NH Housing by moving their loan from a fully amortizing must pay loan to a cash flow loan so now it gives the other subordinate lenders the opportunity to realize some retainment on their debt.

Alderman O'Neil asked what is the status of the project. I am not sure you said earlier. Are there people living there?

Mr. Touringy answered yes it has achieved sustainable occupancy and certificates of occupancy at the end of December. We have families living in the project now. There are about \$130,000 worth of items remaining that need to be completed that are basically contingent on weather – final paving of the parking lot, landscaping, fencing, and external improvements.

Alderman O'Neil asked how many units are there.

Mr. Touringy answered 33.

Alderman O'Neil asked are all 33 occupied.

Mr. Touringy answered I believe all but two and we are in the process of approving people right now.

Alderman Gatsas stated if I just do some quick math and I kept everybody at the \$800/month level it comes out to about \$26,000/month.

Mr. Touringy asked in operating income.

Alderman Gatsas answered yes in operating income. I don't see anything on here on how \$26,000/month is going to substantiate a \$6 million note.

Mr. Touringy stated the project is \$6 million. Roughly half of that is made up of...a little over half of that \$3.7 million of that is actually private equity and investment into the project with no debt service and no repayments on that. The first mortgage is only \$455,000. It was originally \$500,000 when it came to you

back in 2003 or 2004. We have since had to reduce it to \$455,000 to meet the current operating budget. The other debt that is in the project consists of the \$170,000 second mortgage from the NH Housing Finance Authority that they have deferred from a must pay loan to a cash pay loan. They also had a third mortgage of \$375,000 that was in a cash flow loan position from the very beginning. The City's loan of \$450,000 is a fourth mortgage and we have since added a fifth mortgage to the project through Neighborhood Reinvestment. So the total debt I would say is just under \$2 million and that is how that operating income as you are calculating is applied to repay those sources of debt.

Alderman Gatsas asked what is the monthly debt services on that \$2 million.

Mr. Touringy answered it is set to be \$14,000 or \$15,000 a month and you came up with around \$21,000.

Alderman Gatsas responded \$26,000. I just used \$800 on all 33 units times 12.

Mr. Touringy stated I don't have a breakdown on operating expenses monthly but I can figure that out. The project has an annual operating budget of about \$172,000 and \$50,000 in taxes. So roughly \$20,000 a month in operating expenses and taxes.

Alderman O'Neil asked is this going to the full Board tonight or at a future full Board meeting.

Chairman Gatsas answered I believe it is going to the full Board tonight.

Deputy City Clerk stated not to my knowledge. It won't go until the next BMA meeting.

Alderman O'Neil asked can we send it to the full Board and try to work out...I don't know if there is some other information that might help.

Mr. Touringy stated I can certainly answer other questions.

Chairman Garrity stated I guess we could bring it in under new business.

Alderman O'Neil stated well there are people living in there so we have to keep this going. It is not like we are going to stop the project. I will move to refer it to the full Board and if there is more detailed information that can be provided, that is fine.

Alderman O'Neil moved to refer this item to the full Board. Alderman Osborne duly seconded the motion.

Alderman Gatsas asked is that tonight or the next meeting.

Alderman O'Neil stated I was led to believe that it is going to be the next Board meeting.

Alderman Gatsas asked can we get the rest of the information on the cash flow statement.

Mr. Touringy stated certainly. I can give you the full operating proformer development budget.

Deputy City Clerk Johnson asked can we ask that that be submitted to the Clerk's Office so that we can distribute it to the Board.

Mr. Touringy answered certainly.

Chairman Garrity called for a vote. There being none opposed, the motion carried.

Chairman Garrity stated I know we have to do the CIP budget. Please touch base with the City Clerk's Office as to what nights work best for you so we can move forward.

Alderman O'Neil asked are you going to try to look to do it separate from Finance Committee nights or might it be include on a...

Chairman Garrity interjected that all depends. I know I have a problem starting before 5 PM and I think you do to Alderman and Alderman Duval does. I think we all do. Just touch base with the Clerk's Office sometime this week so we can figure out when to start the process.

There being no further business, on motion of Alderman O'Neil, duly seconded by Alderman Duval it was voted to adjourn.

A True Record. Attest.

Clerk of Committee